

# **EXHIBIT 1**



**Skanska USA Building Inc.  
Rockville Office**  
700 King Farm Blvd  
Suite #200  
Rockville, MD 20850  
Phone 301-765-3100  
Web [www.skanska.com](http://www.skanska.com)

August 30, 2018

**Electronic Mail [sven.shockey@smithgroup.com](mailto:sven.shockey@smithgroup.com) and certified mail**

Mr. Sven Shockey  
Vice President – Design Director  
SmithGroup JJR  
1700 New Your Avenue, NW suite 100  
Washington DC 20006

Re: Project 1614019 – DC Water New HQ building  
Notice of Defective or Deficient Work

Dear Sven,

Please be advised that Skanska has been notified by the Owner that the HVAC system has design defects or deficiencies, and is not sufficient to support climate control of the new HQ building. Refer to attached notice letter from DC Water dated August 29, 2018.

Temperatures and humidity levels in the building have exceeded the specified ranges for materials already installed in the building while the equipment and systems have been started and operational over the past month.

Per the Owner's request, Skanska will be engaging Leech Wallace Associates, Inc. to conduct the independent root cause analysis of the HVAC system. SmithGroup will be required to participate in this analysis to provide design requirements, calculations and information necessary to perform the review.

Pursuant to the Design Agreement, including but not limited to Sections 3.1 and 7.1, should the independent review result in findings of design errors & omissions, SmithGroup will be responsible for all damages, delays and additional costs for temporary measures and correction of the discovered deficiencies.

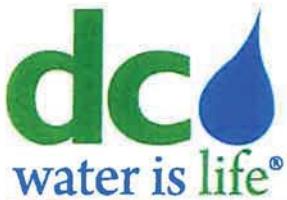
Please call me if you have any questions.

Very truly yours,  
Skanska USA Building, Inc.

Mark A. Miller, PE, CGC  
Senior Vice President – Account Manager

Enclosure: DC Water letter dated 8/29/18

Copy: Dale Kopnitsky, Jeff Frengel



Department of Engineering Services

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY | 5000 OVERLOOK AVENUE, SW | WASHINGTON, DC 20032

August 29, 2018

Mr. Stephen Skinner  
Executive Vice President – General Manager  
Skanska USA Building, Inc.  
700 King Farm Blvd. Suite 200  
Rockville, MD 20850

RE: Contract No. 140060  
New Headquarters Facility  
HVAC System – Failure to Enclose Building

Dear Stephen:

As you know, the HVAC system at the Headquarters building has not functioned properly since it was brought on line over a month ago. As a result, temperature and humidity levels have remained high, impacting, among other things, the building's finishes. We have received notice from MOI/DIRTT that the cubicle and wall panels are both being affected by this problem, as glue is drying out and causing the panels to warp. Further, questions are now being raised by the manufacturer about the warranties for both the cubicle furniture and modular walls not being honored.

The repeated failures in the HVAC system (e.g., sensor failures and Sharc system breakdowns) lead us to believe that there is either a systemic design/manufacturing problem with the HVAC system or that it is being overloaded, possibly because of conditions caused by Skanska's continued inability to complete the building's exterior glazing on the first floor. Regardless, this situation is critical and requires an immediate and proactive response from Skanska to determine the root cause of these problems. We expect Skanska to perform this root cause analysis through an independent engineering firm. This firm will not only identify the problem, but confirm that the system as designed is fit for its intended use. Skanska will inform us by the close of business tomorrow as to which engineering firm will perform this work and their expected plan/timing for doing so.

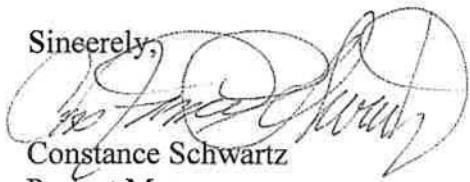
Because of the impact this non-functioning system is having on the interior finishes, the project is in need of a temporary solution pending the root cause analysis. We expect Skanska to inform us by the close of business tomorrow of its temporary solution, which we anticipate including sufficient temporary air conditioning to immediately bring down the temperatures and humidity

Mr. Stephen Skinner  
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for the finish work to continue. We also expect that Skanska will explain how it intends to address and mitigate the effects of the incomplete first floor glazing.

We expect your response in accordance with this letter.

Sincerely,



Constance Schwartz  
Project Manager  
DC Water New Headquarters Facilities



Brent Christ  
Supervisor Construction  
DC Water

Cc: Leonard Benson  
Chief Engineer  
DC Water